

Inspector General

United States
Department of Defense



American Recovery and
Reinvestment Act Projects--Georgia
Army National Guard

Report Documentation Page			Form Approved OMB No. 0704-0188		
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 29 NOV 2010		2. REPORT TYPE		3. DATES COVERED 00-00-2010 to 00-00-2010	
4. TITLE AND SUBTITLE American Recovery and Reinvestment Act Projects - Georgia Army National Guard			5a. CONTRACT NUMBER		
			5b. GRANT NUMBER		
			5c. PROGRAM ELEMENT NUMBER		
6. AUTHOR(S)			5d. PROJECT NUMBER		
			5e. TASK NUMBER		
			5f. WORK UNIT NUMBER		
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Department of Defense Inspector General, 400 Army Navy Drive, Arlington, VA, 22202-4704			8. PERFORMING ORGANIZATION REPORT NUMBER		
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)			10. SPONSOR/MONITOR'S ACRONYM(S)		
			11. SPONSOR/MONITOR'S REPORT NUMBER(S)		
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 20	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Additional Copies

To obtain additional copies of this report, visit the Web site of the Department of Defense Inspector General at <http://www.dodig.mil/audit/reports> or contact the Secondary Reports Distribution Unit at (703) 604-8937 (DSN 664-8937) or fax (703) 604-8932.

Suggestions for Audits

To suggest or request audits, contact the Office of the Deputy Inspector General for Auditing by phone (703) 604-9142 (DSN 664-9142), by fax (703) 604-8932, or by mail:

ODIG-AUD (ATTN: Audit Suggestions)
Department of Defense Inspector General
400 Army Navy Drive (Room 801)
Arlington, VA 22202-4704

<p>DEPARTMENT OF DEFENSE</p> <p>hotline</p>	<p>To report fraud, waste, mismanagement, and abuse of authority.</p> <p>Send written complaints to: Defense Hotline, The Pentagon, Washington, DC 20301-1900 Phone: 800.424.9098 e-mail: hotline@dodig.mil www.dodig.mil/hotline</p>
--	--

Acronyms and Abbreviations

GA ARNG	Georgia Army National Guard
GA DOAS	Georgia Department of Administrative Services
GA DOD	Georgia Department of Defense
OMB	Office of Management and Budget



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

NOV 29 2010

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY
CHIEF, NATIONAL GUARD BUREAU
COMMANDING GENERAL, GEORGIA ARMY NATIONAL
GUARD

SUBJECT: American Recovery and Reinvestment Act Projects—Georgia Army National Guard
(Report No. D-2011-RAM-004)

We are providing this report for your information and use. We performed this audit in response to the requirement of Public Law 111-5, "American Recovery and Reinvestment Act of 2009," February 17, 2009. We determined that the seven projects we reviewed were justified and met the Recovery Act goals regarding accountability and transparency. No written response to this report was required and none was received. No additional comments are required.

We appreciate the courtesies extended to the staff. Please direct questions to Donald A. Bloomer at (703) 604-8863 (DSN 664-8863).

A handwritten signature in cursive script, reading "Alice F. Carey", is positioned above the printed name.

Alice F. Carey
Assistant Inspector General
Readiness, Operations, and Support



Results in Brief: American Recovery and Reinvestment Act Projects—Georgia Army National Guard

What We Did

Our objective was to evaluate DOD's implementation of Public Law 111-5, "American Recovery and Reinvestment Act of 2009," February 17, 2009 (Recovery Act). Specifically, we determined whether Georgia Army National Guard personnel adequately planned, funded, initially executed, tracked, and reported seven projects to ensure the appropriate use of Recovery Act funds.

What We Found

We determined that Georgia Army National Guard personnel adequately justified these seven Recovery Act projects. Further, Georgia Army National Guard personnel met the Recovery Act's accountability and transparency goals. Personnel at the Georgia Army National Guard planned, funded, executed, and had procedures in place to track and report the projects as required by the Recovery Act and implementation guidance.

Georgia Army National Guard contracting officials awarded contracts for four of the seven projects to vendors not registered with the Team Georgia Marketplace. This is an integrated application that automates purchasing tasks and creates and manages bids and supplier contracts, as required in the "Georgia Vendor Manual." Although the vendors for those four projects were not registered, the Georgia Army National Guard received a waiver temporarily suspending vendor registration until the Georgia Department of Defense migrates to the new Team Georgia Marketplace system.

What We Recommend

This report contains no recommendations.

Management Comments

We provided a discussion draft of this report on August 9, 2010. We required no written response to this report, and received none. Therefore we are publishing this report in final form.

Table of Contents

Results in Brief	i
Introduction	1
Objective	1
Recovery Act Background	1
Georgia Army National Guard Personnel Met Recovery Act’s Goals of Accountability and Transparency	3
Planning: Projects Justified and Adequately Planned	3
Funding: Recovery Act Funds Appropriately Distributed for Projects	3
Execution: Projects Initially Executed in Accordance With Requirements	4
Tracking and Reporting: Procedures Were in Place to Track and Report Projects	4
Summary	5
Appendices	
A. Scope and Methodology	6
B. Recovery Act Criteria and Guidance	8
C. Funds Allocated to Projects at the Georgia Army National Guard	10

Introduction

Objective

Our objective was to evaluate DOD's implementation of Public Law 111-5, "American Recovery and Reinvestment Act of 2009," February 17, 2009 (Recovery Act). Specifically, we determined whether Georgia Army National Guard (GA ARNG) personnel adequately planned, funded, executed, tracked, and reported seven projects to ensure the appropriate use of Recovery Act funds. See Appendix A for a discussion of our scope and methodology.

Recovery Act Background

In passing the Recovery Act, Congress provided supplemental appropriations to preserve and create jobs; promote economic recovery; assist those most impacted by the recession; provide investments to increase economic efficiency by spurring technological advances in science and health; and invest in transportation, environmental protection, and other infrastructure. The Recovery Act also established unprecedented efforts to ensure the responsible distribution of funds for its purposes and to provide transparency and accountability of expenditures by informing the public of how, when, and where tax dollars were being spent. Further, the Recovery Act states that the President and heads of the Federal departments and agencies were to expend these funds as quickly as possible, consistent with prudent management. Criteria for planning and implementing the Recovery Act are listed in Appendix B.

DOD received approximately \$6.6 billion¹ in Recovery Act funds for projects that support the purposes of the Act. The Army National Guard (ARNG) received approximately \$315.3 million for Recovery Act projects. See the following table for the specific amounts allocated to each appropriation.

Army National Guard Recovery Act Appropriations

Appropriation	Amount (millions)
Operations and Maintenance	\$265.3
Military Construction	50.0
Total	\$315.3

¹The \$6.6 billion does not include \$4.6 billion for the U.S. Army Corps of Engineers, \$555 million for the Homeowners Assistance Fund, or \$260.5 million rescinded by Public Law 111-226, Title III on August 10, 2010.

Of the \$315.3 million appropriated, the ARNG allocated approximately \$6.2 million (Operations and Maintenance) to support GA ARNG projects of which \$3.1 million² was allocated to the seven projects in our review. See Appendix C for a comprehensive list of Recovery Act projects reviewed.

The GA ARNG is headquartered at Oglethorpe Armory, Georgia. The GA ARNG serves different missions when necessary. According to GA ARNG officials, during Federal missions the GA ARNG “provide[s] properly trained and equipped units for prompt mobilization for war, National emergency or as otherwise needed.” During State emergencies, the GA ARNG “provide[s] trained and disciplined forces for domestic emergencies or as otherwise provided by State law.”

The GA ARNG-managed Recovery Act projects were executed under State contracts. To govern these State contracts, the National Guard Bureau and the State of Georgia entered into a “Special Military Cooperative Agreement (Cooperative Agreement),” April 2009. The Cooperative Agreement established terms, conditions, and policy and administrative procedures for executing Recovery Act projects and reimbursing the State with Federal funds.

² Project 13090028, “Repair Roof at the Macon Russell Old RT1 Site,” and Project 13090029, “Repair Roof at the Macon Russell Old RT1 Site,” were completed in FY 2008. Both projects did not receive Recovery Act funds (\$5,000 for each project). GA ARNG personnel allocated Recovery Act funds to other projects.

Georgia Army National Guard Personnel Met the Recovery Act's Goals of Accountability and Transparency

We determined that GA ARNG personnel justified the seven projects and met the goals of accountability and transparency. GA ARNG Construction and Facilities Management Office personnel properly planned, funded, and initially executed all seven Recovery Act projects. Additionally, GA ARNG personnel had procedures in place to track and report on the projects as required by the Recovery Act.

Planning: Projects Justified and Adequately Planned

GA ARNG personnel appropriately planned and justified the seven Recovery Act projects. Further, GA ARNG personnel provided a project description on the National Guard Bureau Form 420-R, "OMNG [Operations and Maintenance National Guard] Project Request," that supported the need for the projects listed in Appendix C. Specifically, GA ARNG personnel renovated the Field Maintenance Shop to comply with the Army Energy Program standards and the Energy Policy Act of 2007. GA ARNG personnel started renovating the Readiness Centers to make them safer and productive for employees to conduct military operations. GA ARNG personnel planned to replace the heating, ventilation, and air conditioning system because it was more feasible to replace the system rather than repair it. GA ARNG personnel performed a cost analysis that determined it was cost effective to modernize the Field Maintenance Shop and Aviation Support Facility; renovate the Readiness Centers; and replace the heating, ventilating, and air conditioning system.

Funding: Recovery Act Funds Appropriately Distributed for Projects

National Guard Bureau comptroller personnel properly distributed Recovery Act funds on May 1, 2009, to the Georgia ARNG using a Funding Authorization Document. The Funding Authorization Document sent to the GA ARNG properly identified the funds. GA ARNG contracting personnel originally allocated \$10,000 of Recovery Act funds for two cancelled projects (Projects 13090028 and 13090029) that were completed with installation funds. In their place, the Construction and Facilities Management Officer submitted new "ready to go" projects for approval to use the available Recovery Act funds. GA ARNG personnel completed this step in accordance with the memorandum from the Office of the Under Secretary of Defense (Comptroller), "Project Cost Variations during Execution of American Recovery and Reinvestment Act Expenditure Plans for Infrastructure Investments," May 7, 2009. GA ARNG personnel used the savings from the Recovery Act projects to complete additional "ready to go" projects on the GA ARNG's backlog. Based on documentation provided by GA ARNG personnel, seven Recovery Act projects still need an additional \$95,993. According to the GA ARNG Construction and Facilities Management Officer, the installation will use Operations and Maintenance funds to complete these projects.

Execution: Projects Initially Executed in Accordance With Requirements

GA ARNG personnel issued State contracts for the seven Recovery Act projects. In addition, GA ARNG personnel used State procurement laws to govern these contracts in accordance with the Cooperative Agreement. The solicitation mechanism used for the projects promoted transparency of Recovery Act funds. The seven projects were initially executed properly.

According to the Cooperative Agreement, “the State’s acquisitions of goods and services by the State in performance of this Agreement shall be according to [the] applicable [State’s] contracting procedures.” GA ARNG officials provided the list of registered vendors on September 17, 2009, from the Georgia Department of Administrative Services (GA DOAS) Web site. The list did not include the vendors for four projects. According to the “Georgia Vendor Manual,” DOAS, vendors must register in the Team Georgia Marketplace³ to work with the State and participate in any electronic solicitations hosted through Team Georgia Marketplace.

The Director of Accounting for the State of Georgia Department of Defense (GA DOD) and the Customer and Supplier Relation Manager for the GA DOAS informed us that they follow the “Georgia Vendor Manual” when executing State contracts. However, the Director of Accounting and the Customer and Supplier Relations Manager did not require vendors to register in Team Georgia Marketplace. When asked about the four projects awarded to unregistered vendors, GA DOD and the GA DOAS informed us that GA DOD has not migrated to the Team Georgia Marketplace system. The GA DOAS Director of Legal Services provided the GA DOD a waiver that temporarily suspended vendor registration until the GA DOD migrates to the new Team Georgia Marketplace system. As a result, the GA DOD did not require vendors to register in the system.

Tracking and Reporting: Procedures Were in Place to Track and Report Projects

GA ARNG personnel had adequate procedures in place to track and report projects. The Construction and Facilities Management Officer at the GA ARNG monitored the seven projects to evaluate whether the contractors met performance standards. According to a GA ARNG contracting official, each project is assigned a contract administrator who monitors project schedules, addresses performance deficiencies, and ensures that the contractor meets contract requirements. In addition to the Contract Administrator, the GA ARNG has an on-site Government Inspector monitor daily activity. GA ARNG personnel use information from the Contract Administrator and the Government Inspector to compile the report required under section 1512 of the Recovery Act and posted on <https://www.federalreporting.gov>.

³ Team Georgia Marketplace is a set of integrated PeopleSoft applications that automate purchasing tasks including requests for goods or services, and creating and managing bids and supplier contracts.

Summary

We concluded that seven Recovery Act projects for the GA ARNG were appropriately justified. GA ARNG personnel properly planned, funded, and initially executed the projects in accordance with applicable State contracting procedures. In addition, the Construction and Facilities Management Office had personnel and procedures in place to track and report on the projects as required by the Recovery Act. The GA ARNG provided a waiver exempting them from the requirement to have vendors register in the Team Georgia Marketplace system until the GA DOD migrates to system. Therefore, this report contains no recommendations.

Appendix A. Scope and Methodology

We conducted this audit from August 2009 to October 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence, and provide a reasonable basis for our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions.

Scope

The Army National Guard received \$315.3 million in Recovery Act funds for Operations and Maintenance and Military Construction. Of the \$315.3 million, \$6.2 million was allocated to the GA ARNG. We assessed seven projects to determine whether GA ARNG personnel complied with the Recovery Act; Office of Management and Budget Memorandum M-09-15, “Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009,” April 3, 2009; and the Master Cooperative Agreement. With the assistance of the Quantitative Methods and Analysis Division of the DOD OIG, we selected seven projects at GA ARNG to review.

At GA ARNG, we interviewed the Construction Facilities Management Officer; the United States Property and Fiscal Officer; and personnel from Design and Program Management, Resource Management, Facilities Management, Purchasing and Contract Management, Financial Management Division and the Budget Office. Additionally, we obtained supporting documentation, including National Guard Bureau Form 420-R, “OMNG Project Request,” justifications, contract documents, and project funding reports. Due to the distance between the project sites, we visited only one of the two project sites to better understand the work planned or required to implement the project. We provided our preliminary recommendations to the Garrison Commander, GA ARNG.

Methodology

Before selecting DOD Recovery Act projects for audit, personnel from the Quantitative Methods and Analysis Division (QMAD) of the DOD OIG analyzed all DOD agency-funded projects, locations, and contracting oversight organizations to assess the risk of waste, fraud, and abuse associated with each. We selected most audit projects and locations using a modified Delphi technique, which allowed us to quantify the risk based on expert auditor judgment, and other quantitatively developed risk indicators. We used information collected from all projects to update and improve the risk assessment model. QMAD personnel selected 83 projects with the highest risk rankings; auditors chose some additional projects at the selected locations.

We used additional predictive analytic techniques for two other special cases: (1) projects performed jointly with State National Guard units in the 50 States, and (2) public works projects funded directly through United States Army Corps of Engineers. We factored in

workload volume, proposed costs, geographic districts, and U. S. Army Corps of Engineers districts and regions in evaluating the relative risk of problems with oversight and completion.

We did not use classical statistical sampling techniques that would permit generalizing results to the total population because there were too many potential variables with unknown parameters at the beginning of this analysis. The predictive analytic techniques employed provided a basis for logical coverage not only of Recovery Act dollars being expended, but also of types of projects and types of locations across the Military Services, Defense agencies, State National Guard units, and public works projects managed by U. S. Army Corps of Engineers.

Use of Computer Processed Data

We relied on computer-processed data from PRIDE Web, PeopleSoft, and Georgia Procurement Registry. We reviewed the Form 420-Rs generated by the PRIDE Web to verify that each form contained a justification for a project. We tested the accuracy of the PRIDE Web data by comparing the projects contained on the Form 420-R to the list of projects approved for Recovery Act funding in the DOD Expenditure Plan. Payments made on the projects were tracked in the PeopleSoft database; at the time of the audit no payments had been made. GA DOAS publicizes solicitation information for the projects executed at the GA ARNG on the Georgia Procurement Registry (<http://ssl.doas.state.ga.us/PRSapp/>). The Georgia Procurement Registry is a state, web-based portal that allows agency officials to post state procurement opportunities and contractors to search and review those opportunities. The state posts contract award notices on the Georgia Procurement Registry. The Registry includes the project information, which includes the project manual, and award information. We verified that the data posted in the Registry for each project matched the data contained in each contract. Information contained in the Registry can be viewed by the public and by other vendors. From these procedures, we concluded that the DOD data were sufficiently reliable for meeting the audit objectives.

Prior Audit Coverage

The Government Accountability Office, the Department of Defense Inspector General, and the Military Departments have issued reports and memoranda discussing DOD projects funded by the Recovery Act. You can access unrestricted reports at <http://www.recovery.gov/accountability>.

Appendix B. Recovery Act Criteria and Guidance

The following list includes the primary Recovery Act criteria and guidance (notes appear at the end of the list) and State guidance for Georgia:

- U.S. House of Representatives Conference Committee Report 111-16, “Making Supplemental Appropriations for Job Preservation and Creation, Infrastructure Investment, Energy Efficiency and Science, Assistance to the Unemployed, and State and Local Fiscal Stabilization, for the Fiscal Year Ending September 30, 2009, and for Other Purposes,” February 12, 2009
- Public Law 111-5, “American Recovery and Reinvestment Act of 2009,” February 17, 2009
- OMB Memorandum M-09-10, “Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009,” February 18, 2009
- OMB Bulletin No. 09-02, “Budget Execution of the American Recovery and Investment Act of 2009 Appropriations,” February 25, 2009
- White House Memorandum, “Government Contracting,” March 4, 2009
- White House Memorandum, “Ensuring Responsible Spending of Recovery Act Funds,” March 20, 2009
- OMB Memorandum M-09-15, “Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009,” April 3, 2009¹
- OMB Memorandum M-09-16, “Interim Guidance Regarding Communications With Registered Lobbyists About Recovery Act Funds,” April 7, 2009
- OMB Memorandum M-09-19, “Guidance on Data Submission under the Federal Funding Accountability and Transparency Act (FFATA),” June 1, 2009
- OMB Memorandum M-09-21, “Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009,” June 22, 2009²
- OMB Memorandum M-09-24, “Updated Guidance Regarding Communications with Registered Lobbyists About Recovery Act Funds,” July 24, 2009
- OMB Memorandum M-09-30, “Improving Recovery Act Recipient Reporting,” September 11, 2009

- OMB Office of Federal Procurement Policy, “Interim Guidance on Reviewing Contractor Reports on the Use of Recovery Act Funds in Accordance with FAR Clause 52.204-11,” September 30, 2009²
- OMB Memorandum M-10-08, “Updated Guidance on the American Recovery and Reinvestment Act – Data Quality, Non-Reporting Recipients, Reporting of Job Estimates,” December 18, 2009²
- Department of Administrative Services State Purchasing Division, “Georgia Procurement Manual,” July 2009
- Department of Administrative Services State Purchasing Division, “Georgia Vendor Manual,” updated July 2009

Notes

¹ Document provides Government-wide guidance for carrying out programs and activities enacted in the Recovery Act. The guidance states that the President’s commitment is to ensure that public funds are expended responsibly and in a transparent manner to further job creation, economic recovery, and other purposes of the Recovery Act.

² Document provides Government-wide guidance for carrying out the reporting requirements included in section 1512 of the Recovery Act. The reports will be submitted by recipients beginning in October 2009 and will contain detailed information on the projects and activities funded by the Recovery Act.

Appendix C. Funds Allocated to Projects at the Georgia Army National Guard

Projects Reviewed at Georgia Army National Guard

Title	Number	Cost Estimate (\$000)
Bring Field Maintenance Shop and Army National Guard Aviation Support Facility Up to Current Energy Standards	13080051	\$250
Bring Readiness Center Up to Current Building Standards at the Henry D. Russell Armory	13080050	706
Bring Readiness Center Up to Current Building Standards at the Dublin Armory	13989031	750
Bring Readiness Center Up to Current Building Standards at the Statesboro Armory	13260080	800
Bring Readiness Center Up to Current Building Standards at the Thomasville Armory	13209058	537
Heating, Ventilating, Air Conditioning Lifecycle Replacement in Calhoun, Georgia	13090021	5
Heating, Ventilating, Air Conditioning Lifecycle Replacement in Decatur, Georgia	13090022	13
Total Recovery Act Funds Allocated to Projects		\$3,061
Repair Roof at the Macon Russell Old RTI Site	13090028	\$5
Repair Roof at the Macon Russell Old RTI Site	13090029	5
Total Funding of Cancelled Projects		\$10



Inspector General Department of Defense